

**From Surpluses to Deficits** — When omitted costs including debt service are accounted for, the deficit for the next ten years (2006-2015) is \$4.5 trillion. Over the time period 2002-2011, the deficit is \$3.9 trillion, a reversal of \$9.5 trillion relative to the \$5.6 trillion projected surplus the Administration inherited when it took office.

Deficits as calculated by the Administration continue to be high

Ø FY2005 budget deficit under Bush Administration's policies: \$427 billion.

Ø FY2006-10 (5-year) deficit: \$1.393 trillion

Using true accounting of on-budget deficits, we are doing even worse

By subtracting out what's borrowed from the "off-budget" surplus in the Social Security Trust Fund (which has a total of \$1.7 trillion in surplus):

Ø FY2006 on-budget deficit under Administration's policies: \$560 billion

Ø FY2006-10 on-budget deficit: \$2.455 trillion

Federal Spending Planned but Omitted from the Administration's budget

Ø President's plans to Privatize Social Security: \$750 billion from 2009-15; \$1.4 trillion over 10 years

Ø President's plan to Permanently Extend Recent Tax Cuts: \$1.6 trillion over 10-years, primarily benefiting wealthy taxpayers whose income comes from investments, not work

Ø Changes to protect to middle-class taxpayers in high-income states from the Alternative Minimum Tax: \$774 billion over ten years if done along with tax cut extensions; no extension is proposed – not even for one year, which would cost around \$25 billion

Ø War in Iraq & Afghanistan: up to \$384 billion over ten years

A reality-based deficit estimate would show the true annual deficits at record levels

Ø \$400-\$500 billion range each year

Ø \$2.1 trillion 5-year unified deficit

Ø \$3.2 trillion 5-year on-budget deficit without counting the Social Security Trust Fund surplus

Ø When omitted costs including debt service are accounted for, the deficit for the next ten years (2006-2015) is \$4.5 trillion.

### The Budget Reveals a Skewed List of Priorities

Overall, the President's Budget cuts non-defense, non-homeland security discretionary spending by \$9.6 billion below 2005 enacted levels and \$19.3 billion below the levels needed to maintain current services. While the President hides the cost of his intention to make his tax cuts permanent, he has laid out specific cuts to programs that are vital to the well-being of many Americans, including:

Ø **Medicaid:** \$44 billion over ten years

Ø **Education:** 48 programs eliminated (including Perkins Loans) and 16 others cut, with overall cut in 2006 of \$1.3 billion below current services

Ø **Veterans:** Increased fees and co-payments for veterans' medical care at \$1.2 billion over five years, with FY2006 amount falling \$338 million below amount needed to maintain current purchasing power

Ø **EPA:** Cut of nearly \$500 million in 2006

Ø **Justice Department:** Cut of \$1.1 billion in 2006 (below 2005 level)

Source: compiled from House Budget Committee analysis, for more information see [http://www.house.gov/budget\\_democrats/](http://www.house.gov/budget_democrats/)